

AUDUBON HEALTH SERVICES  
AUDITED FINANCIAL STATEMENTS

September 30, 2013



TWRU  
*CPAs & Financial Advisors*

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To the Board of Directors  
Audubon Health Services  
Baton Rouge, Louisiana

### **Report on the Financial Statements**

We have audited the accompanying financial statements of Audubon Health Services (a nonprofit organization), which comprise the statement of financial position as of September 30, 2013, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements.

#### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

#### ***Auditor's Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### ***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Audubon Health Services as of September 30, 2013, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## *Other Matters*

### *Other Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated March 31, 2014, on our consideration of Audubon Health Services' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Audubon Health Services' internal control over financial reporting and compliance.

TWRU

CPAs & Financial Advisors  
Baton Rouge, Louisiana  
March 31, 2014

AUDUBON HEALTH SERVICES  
Baton Rouge, Louisiana

STATEMENT OF FINANCIAL POSITION  
September 30, 2013

## ASSETS

## CURRENT ASSETS:

Cash - General Fund	\$ 1,945
Cash - Provider Account	3,332
Cash - Administration	7,839
Federal Funds Receivable	<u>59,554</u>

TOTAL ASSETS (ALL CURRENT)	<u>\$ 72,670</u>
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## LIABILITIES AND NET ASSETS

## CURRENT LIABILITIES:

Payroll Taxes Payable	\$ 1,505
Payable to Providers	<u>47,215</u>

TOTAL CURRENT LIABILITIES	\$ 48,720
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## NON-CURRENT LIABILITIES:

Loan from Director	<u>6,604</u>
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TOTAL LIABILITIES	55,324
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## NET ASSETS:

Temporarily Restricted	1,392
Unrestricted	<u>15,954</u>

TOTAL NET ASSETS	<u>17,346</u>
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TOTAL LIABILITIES AND NET ASSETS	<u>\$ 72,670</u>
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See Accompanying Notes to Financial Statements

AUDUBON HEALTH SERVICES  
Baton Rouge, Louisiana

STATEMENT OF ACTIVITIES  
For the Year Ended September 30, 2013

	Temporarily Restricted (CACFP Program)	Unrestricted (General Fund)	Total
<b>SUPPORT:</b>			
Contributions	\$ -	\$ 1,131	\$ 1,131
Administrative Program	153,488 699,711	- -	153,488 699,711
<b>TOTAL SUPPORT</b>	<b>853,199</b>	<b>1,131</b>	<b>854,330</b>
<b>PROGRAM EXPENDITURES:</b>			
Provider Payments	699,411	-	699,411
Provider errors repaid to LDE	301	251	552
<b>TOTAL PROGRAM EXPENDITURES</b>	<b>699,712</b>	<b>251</b>	<b>699,963</b>
<b>ADMINISTRATIVE EXPENDITURES:</b>			
Personnel Costs	111,393	-	111,393
Routine Travel	5,479	-	5,479
Training	1,266	-	1,266
Office/Operating Costs	30,015	-	30,015
Contract Costs-Other	3,196	-	3,196
Registry Costs	632	30	662
Miscellaneous	-	548	548
Admin errors repaid to LDE	114	-	114
<b>TOTAL ADMINISTRATIVE EXPENDITURES</b>	<b>152,095</b>	<b>578</b>	<b>152,673</b>
<b>TOTAL EXPENDITURES</b>	<b>851,807</b>	<b>829</b>	<b>852,636</b>
<b>INCREASE IN NET ASSETS</b>	<b>1,392</b>	<b>302</b>	<b>1,694</b>
<b>NET ASSETS, BEGINNING OF YEAR, AS PREVIOUSLY REPORTED</b>	<b>(10,818)</b>	<b>9,183</b>	<b>(1,635)</b>
<b>PRIOR PERIOD ADJUSTMENT</b>	<b>10,818</b>	<b>6,469</b>	<b>17,287</b>
<b>NET ASSETS, END OF YEAR</b>	<b>\$ 1,392</b>	<b>\$ 15,954</b>	<b>\$ 17,346</b>

See Accompanying Notes to Financial Statements

AUDUBON HEALTH SERVICES  
Baton Rouge, Louisiana

STATEMENT OF CASH FLOWS  
For the Year Ended September 30, 2013

## CASH FLOWS FROM OPERATING ACTIVITIES:

Cash Received from Federal Sources	\$ 852,873
Cash Received from Contributions	1,131
Cash Paid to Providers	(700,421)
Cash Paid to Personnel	(101,173)
Cash Paid for Expenses	<u>(51,890)</u>
 NET CASH PROVIDED BY OPERATING ACTIVITIES	 \$ <u>520</u>
 NET INCREASE IN CASH	 520
 CASH, BEGINNING OF YEAR	 <u>12,596</u>
 CASH, END OF YEAR	 <u><u>\$ 13,116</u></u>

See Accompanying Notes to Financial Statements



AUDUBON HEALTH SERVICES  
Baton Rouge, Louisiana

NOTES TO FINANCIAL STATEMENTS  
September 30, 2013

NOTE 1: NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities – Audubon Health Services (the Sponsor) is a not-for-profit organization located in Baton Rouge, Louisiana. The Sponsor provides administrative services for Family Day Care Home Program Providers in a five-parish area in Southern Louisiana.

The Child Care Food Program (CCFP) was enacted and maintained under Public Law 90-302 (May 8, 1968), 94-105 (October 7, 1975), 95-627 (November 10, 1978) and 95-35 (August 13, 1981). Public law 101-147 changed the name of the program to the Child and Adult Care Food Program (CACFP). The program is currently being administered under 7 CFR, Part 226. The program reimburses a subsidy to the Sponsor based on attendance records of the Providers.

Support – The Sponsor receives a grant subsidy from the CACFP Program for administrative and program reimbursements are a set dollar amount per meal served to attending children at the participating providers. The grant contract period is one year in length and must be renewed annually.

Cash and Cash Equivalents – For purposes of the financial statements, cash includes all cash in banks with a maturity of less than three months.

Allowance for Doubtful Accounts – The Sponsor considers accounts receivable to be fully collectible; accordingly, no allowance for doubtful accounts is required.

Capitalization and Depreciation – Equipment and furniture costing under \$2,500 is expensed when purchased. No depreciation was calculated for the year ended September 30, 2013.

Estimates – The preparation of financial statements in conformity with generally accepted accounting principles requires the use of management's estimates.

Advertising Costs – It is the Sponsor's policy to expense advertising costs as incurred.

Income Taxes – The Sponsor is a non-profit organization as described in Section 501(c) (3) of the Internal Revenue Code and is exempt from federal and state income taxes.

NOTE 2 – FEDERAL FUNDS RECEIVABLE

Reimbursements Receivable represents the claim reimbursements due from the Louisiana Department of Education. No allowance has been set up.

NOTE 3 – RELATED PARTY TRANSACTIONS

In prior years the director loaned the general fund \$6,604 to cover transfers needed to operate the administrative account. As of September 30, 2013, the sponsor owed the director \$6,604. This loan is without interest and has no stated maturity.

AUDUBON HEALTH SERVICES  
Baton Rouge, Louisiana

NOTES TO FINANCIAL STATEMENTS  
September 30, 2013

NOTE 4 – LEASES

The Organization leases office space on a month to month lease for \$770 per month. In March 2013, the rent increased to \$793 per month. During the year the Organization paid \$9,401 in rent which is included in operating costs.

NOTE 5 – INCOME TAXES

The Organization adopted the recent accounting guidance related to accounting for uncertainty in income taxes, which sets out a consistent framework to determine the appropriate level of tax reserves to maintain for uncertain tax positions. The Project does not believe it has any uncertain tax positions at September 30, 2013.

With few exceptions, the statute of limitations for examination of the Project's income tax returns is generally three years from the date of the tax return including extensions. The tax years open for assessment is the year ending on or after September 30, 2010.

NOTE 6 – SUPPLEMENTAL CASH FLOW DISCLOSURES

Reconciliation of increase in net assets to net cash provided by operating activities:

Increase in net assets	\$ 1,694
Adjustments to reconcile increase in net assets to Net cash provided by operating activities:	
Decrease in federal funds receivable	89
Decrease in payroll taxes payable	(253)
Decrease in payable to providers	<u>(1,010)</u>
Net cash provided by operating activities	<u>\$ 520</u>

NOTE 7 – RESTRICTION ON NET ASSETS

Temporarily restricted net assets consist of Federal funds received for use with CACFP. The temporarily restricted net assets represent CACFP administrative funds carried over for use in future period.

NOTE 8 – PRIOR PERIOD ADJUSTMENT

During the year it was discovered that the prior balance for the provider cash account had been understated due to an error in accounting made in a prior year. This correction increased the provider cash account by \$17,287 and increased net assets by \$17,287.

NOTE 9 – SUBSEQUENT EVENTS

Management has evaluated subsequent events through the date that the financial statements were available to be issued, March 31, 2014.

AUDUBON HEALTH SERVICES  
Baton Rouge, Louisiana

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For the Year Ended September 30, 2013

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Entity Identifying No	Federal Expenditures
U.S. Department of Agriculture/ Pass-through program from: Louisiana Department of Education			
Child and Adult Care Food Program	10.558	FDCHFP-7D	\$ 851,392

**NOTE A – BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of Audubon Health Services under programs of the federal government for the year ended September 30, 2013. The information in this Schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Because the Schedule presents only a selected portion of the operations of Audubon Health Services, it is not intended to and does not present the financial position, changes in net assets, or cash flows of Audubon Health Services.

**NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

- (1) Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in OMB Circular A-122, *Cost Principles for Non-Profit Organizations*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Amounts reported include \$415 repaid to the pass through entity for repayment of funds received in excess of amount eligible to be received.
- (2) Pass-through entity identifying numbers are presented where available.



INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON  
AN AUDIT OF FINANCIAL STATEMENTS PERFORMED  
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Directors  
Audubon Health Services  
Baton Rouge, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Audubon Health Services (a nonprofit organization), which comprise the statement of financial position as of September 30, 2013, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated March 31, 2014.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered Audubon Health Services' internal control over financial reporting to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Audubon Health Services' internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs that we consider to be a significant deficiencies. See finding 2013-1.

## Compliance and Other Matters

As part of obtaining reasonable assurance about whether Audubon Health Services' financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as Item 2013-1.

## Audubon Health Services' Response to Findings

Audubon Health Services' response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Audubon Health Services' response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

## Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

TWRU

CPAs & Financial Advisors  
Baton Rouge, Louisiana  
March 31, 2014



INDEPENDENT AUDITORS' REPORT ON COMPLIANCE  
FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER  
COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

Board of Directors  
Audubon Health Services  
Baton Rouge, Louisiana

**Report on Compliance for Each Major Federal Program**

We have audited Audubon Health Services' compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Audubon Health Services' major federal programs for the year ended September 30, 2013. Audubon Health Services' major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

**Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of Audubon Health Services' major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Audubon Health Services' compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Audubon Health Services' compliance.

**Opinion on Each Major Federal Program**

In our opinion, Audubon Health Services complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2013.

**Other Matters**

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as items 2013-1. Our opinion on each major federal program is not modified with respect to these matters.

Audubon Health Services' response to the noncompliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Audubon Health Services' response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

### Report on Internal Control Over Compliance

Management of Audubon Health Services is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Audubon Health Services' internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Audubon Health Services' internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis'. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies, and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified a certain deficiency in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as item 2013-1 that we consider to be a significant deficiency.

Audubon Health Services' response to the internal control over compliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. Audubon Health Service's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

TWRU

CPAs & Financial Advisors  
Baton Rouge LA  
March 31, 2014



AUDUBON HEALTH SERVICES  
Baton Rouge, Louisiana

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Year Ended September 30, 2013

**SUMMARY OF AUDITOR'S RESULTS**

1. The auditor's report expresses an unmodified opinion on the financial statements of Audubon Health Services.
2. One significant deficiency disclosed during the audit of the financial statements is reported in Schedule of Findings and Questioned Costs. No material weaknesses are reported.
3. One instance of noncompliance material to the financial statements of Audubon Health Services, which would be required to be reported in accordance with *Government Auditing Standards*, was disclosed during the audit.
4. One significant deficiency in internal control over major federal award programs disclosed during the audit is reported in the Schedule of Findings and Questioned Costs. No material weaknesses are reported.
5. The auditor's report on compliance for the major federal award programs of Audubon Health Services expresses an unmodified opinion on all major federal programs.
6. Audit findings that are required to be reported in accordance with Section 510(a) of OMB Circular A-133 are reported in this Schedule.
7. The program tested as major program was:  
Child and Adult Care Food Program  
CFDA Number 10.558.
8. The threshold used for distinguishing between Type A and B programs was \$300,000.
9. Audubon Health Services was determined not to be a low-risk auditee.

AUDUBON HEALTH SERVICES  
Baton Rouge, Louisiana

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
For the Year Ended September 30, 2013

**FINDINGS—FINANCIAL STATEMENT AUDIT**

**SIGNIFICANT DEFICIENCIES**

**Finding Reference Number 2013-01**

Condition:	For the year ended September 20, 2012, the annual audit report was not submitted to Single Audit Clearing House within nine months of year end.
Criteria:	Regulations require an annual audit in accordance with Circular A133 be completed nine months after year end.
Effect:	The Organization was late submitting the audit.
Cause:	The Organization had not had an audit requirement for past eight years and simply did not plan timely for the requirement.
Recommendation:	Management should ensure that the books and records are ready for audit so that the audit can be completed and submitted to all parties by June 30 of each year.
Auditor's Summary of Auditee's Comments:	Management will work together with its auditors to develop efficiencies in future years in order to avoid late submission of the annual audit.

**FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAM AUDIT**

See Financial Statement finding 2013-01. No questioned costs to report.

AUDUBON HEALTH SERVICES  
Baton Rouge, Louisiana

SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS  
For the Year Ended September 30, 2012

DEPARTMENT OF AGRICULTURE

**Finding Reference Number 2012-1**

Condition: The annual audit was not submitted to Louisiana Department of Education or Louisiana Legislative Auditor by the due date.

Recommendation: Management should ensure that the books and records are ready for audit so that the audit can be completed and submitted to all parties by March 31 of each year.

Current Status: 2013 audit will be submitted timely.

**Finding Reference Number 2012-2**

Condition: Management had not reconciled bank accounts during the year.

Recommendation: Management should ensure that the bank accounts are reconciled monthly.

Current Status: Management and employee received training in QuickBooks and accounts were reconciled by start of the audit.

March 31, 2014

Kerry G. Uffman, CPA (APC), PFS, CFP®, CFA

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Derek M. Mathews, CPA, CVA®

To the Board of Directors  
Audubon Health Services  
Baton Rouge, Louisiana

We have audited the financial statements of Audubon Health Services for the year ended September 30, 2013, and have issued our report thereon dated March 31, 2014. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards* and OMB Circular A-133, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated January 31, 2014. Professional standards also require that we communicate to you the following information related to our audit.

#### Significant Audit Findings

##### *Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Audubon Health Services are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year ended September 30, 2013. We noted no transactions entered into by the Organization during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate affecting the financial statements was:

Management's estimate that all federal funds receivable would all be collected is based on future cash collections.

##### *Difficulties Encountered in Performing the Audit*

We encountered no significant difficulties in dealing with management in performing and completing our audit.

### *Corrected and Uncorrected Misstatements*

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. The following material misstatement detected as a result of audit procedures was corrected by management.

An adjustment was made to the provider cash account bank balance to correct an understatement due to prior year reconciliation errors.

### *Disagreements with Management*

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

### *Management Representations*

We have requested certain representations from management that are included in the management representation letter dated March 31, 2014.

### *Management Consultations with Other Independent Accountants*

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Organization's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

### *Other Audit Findings or Issues*

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Organization's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

### Other Matters

With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with U.S. generally accepted accounting principles, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

This information is intended solely for the use of Board of Directors and of Audubon Health Services and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

TWRU

CPAs & Financial Advisors  
Baton Rouge, Louisiana

**Recommendations:**

**2013-1:** You should add an account to your general ledger to record all of your repayments to the Department of Education. This will allow your revenues to be reported at gross amounts received in Federal funds and will track your repayments.

**2013-2:** When a check is issued to replace a previously issued check – you should note the check # that you are replacing on the replacement check stub.

Audubon Health Services  
Management's Corrective Action Plan  
Audit for Year Ended September 30, 2013

## **MANAGEMENT LETTER RECOMMENDATIONS**

### **2013-1**

An expense general ledger account has been added to the chart of accounts and will be used in future accounting periods.

### **2013-2**

Management will start listing the original check # that was replaced on the replacement check stub.

## **AUDIT FINDINGS**

### **2013-1**

We have begun entering the data for submitting all prior reports to the Federal Audit Clearing House and will have them submitted by April 15, 2014. The audit report for September 30, 2013 will be submitted by the June 30, 2014 deadline.